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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 13, 2002

APPLICATION OF

BUCHANAN GENERATION, LLC

CASE NO. PUE010657

For permission to construct  
and operate an electrical  
generating facility

ORDER FOR NOTICE AND HEARING

On November 13, 2001, Allegheny Energy Supply Company, LLC ("Allegheny Energy Supply"),<sup>1</sup> on behalf of Buchanan Generation, LLC ("Buchanan" or "Applicant"), filed an application requesting that the State Corporation Commission ("Commission") grant approval pursuant to the Utility Facilities Act, § 56-265.2 of the Code of Virginia ("Code"), for a certificate of public convenience and necessity to construct, own, and operate electric generation facilities with a capacity of up to 88 MW at a site located in Buchanan County, Virginia (the "Project"). On December 13, 2001, Allegheny Energy Supply filed an amended application, plus supplemental testimony and exhibits in connection with its request for a certificate. Pursuant to our Order in Case No. PUE010313, Code § 56-265.2 is no longer applicable to this application, by virtue of being supplanted by

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<sup>1</sup> Allegheny Energy Supply is a wholly owned subsidiary of Allegheny Energy Inc., which provides energy and telecommunications services.

§ 56-580 D of the Code. We will treat the application as if filed thereunder.<sup>2</sup>

By letter of counsel dated February 1, 2002, Allegheny Energy Supply advised the Commission that, together with CONSOL Energy Inc. ("CONSOL"), it had concluded the formation of the special purpose entity known as Buchanan Generation, LLC, and that Buchanan should henceforth be considered the Applicant herein.

Buchanan is seeking Commission approval to construct, own, and operate an 88 MW simple cycle gas-fired generation facility at the Project site. The Project will consist of two General Electric Aeroderivative combustion turbines and associated auxiliary equipment and will be fueled by coal-bed methane gas collected by Pocahontas Gathering Company, a wholly owned subsidiary of CONSOL. The Project will also include a water treatment facility and a 138 kV transmission line, which will be approximately 2.7 miles long.

The Project is to be constructed four miles southeast of Oakwood, Buchanan County, Virginia, on a site owned by Consolidation Coal Company, a subsidiary of CONSOL. The site is the former location of a contour strip coal mining operation.

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<sup>2</sup> Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: In the matter of amending filing requirements for applications to construct and operate electrical generating facilities, Case No. PUE010313, Document Control Center No. 010810174, slip op. (August 3, 2001).

The proposed project consists of a 2.8 acre parcel of land situated southwest of U.S. Route 460. Approximately 2.5 acres of the property will be fenced and will contain equipment associated with generation. The Project will also include 1.7 acres near CONSOL Buchanan mining vent shaft 4 and adjacent to State Route 626 for water treatment facilities and 3700 feet of pipeline right of way connecting the water treatment area to the power plant.

The Project will interconnect with the American Electric Power, Inc. ("AEP"), 138 kV transmission system, through a new 2.7-mile 138 kV transmission line from the proposed generation facility to the 138 kV Grassy Creek substation owned by CONSOL.<sup>3</sup> CONSOL has already acquired or is in the final stage of acquiring the property and rights-of-way necessary to build the plant, the transmission line, and the water treatment facilities for the Project.

Allegheny Energy Supply will provide development, engineering and construction, marketing, operating and maintenance service for the Project. Commercial operation is scheduled to begin in the summer of 2002.

In support of its request, Applicant states that electricity generated by the facility will be sold on a merchant

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<sup>3</sup> The Grassy Creek Substation is wholly owned by CONSOL with the exception of metering facilities provided, owned, and maintained by AEP.

basis exclusively at wholesale and will, therefore, be subject to regulation by the Federal Regulatory Energy Commission. Applicant further states that the Project will not be in the rate base of any regulated utility in Virginia.

Applicant states that the Project will have no adverse effect upon the rates paid by customers of any regulated public utility in Virginia or upon the reliability of service provided by such utilities. Applicant represents that the Project will have no overall adverse environmental impact and will not otherwise be inconsistent with the public interest.

Finally, Applicant requests that the Commission grant the requested approval without the necessity of a hearing unless such hearing is requested.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that the matter should be docketed, notice of the application should be given to the public, interested persons should have an opportunity to comment or to participate in this matter, and the Commission Staff should investigate Applicant's proposal and present its findings to the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This application for a certificate of public convenience and necessity is docketed and assigned Case No. PUE010657.

(2) On or before March 1, 2002, the Applicant may file with the Clerk any additional testimony and exhibits by which it expects to establish its case.

(3) Pursuant to 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(4) Applicant shall promptly make a copy of its application and other materials available to the public who may obtain copies, at no charge, by making a request in writing to counsel for the Applicant, Kathy L. Mitchell, Esquire, Senior Attorney, Allegheny Energy, 10435 Downsville Pike, Hagerstown, Maryland 21740. The application and other materials filed in this docket may also be reviewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, and at the Buchanan County Library, Poe Town Road, Grundy, Virginia.

(5) On or before February 20, 2002, the Applicant shall serve a copy of its application and this Order, by personal delivery or by first-class mail, postage prepaid, to: The Honorable W. Tayloe Murphy, Jr., Secretary of Natural Resources, P.O. Box 1475, Richmond, Virginia 23218; Robert G. Burnley, Director, Department of Environmental Quality, P.O. Box 10009, Richmond, Virginia 23240-0009; and to each investor-owned and

cooperative electric utility in the Commonwealth as listed in Appendix A attached to this Order.

(6) On or before February 22, 2002, the Applicant shall cause the following notice and sketch map to be published as display advertising (not classified) in newspapers having general circulation in the Counties of Buchanan, Tazewell, Dickenson, and Russell.

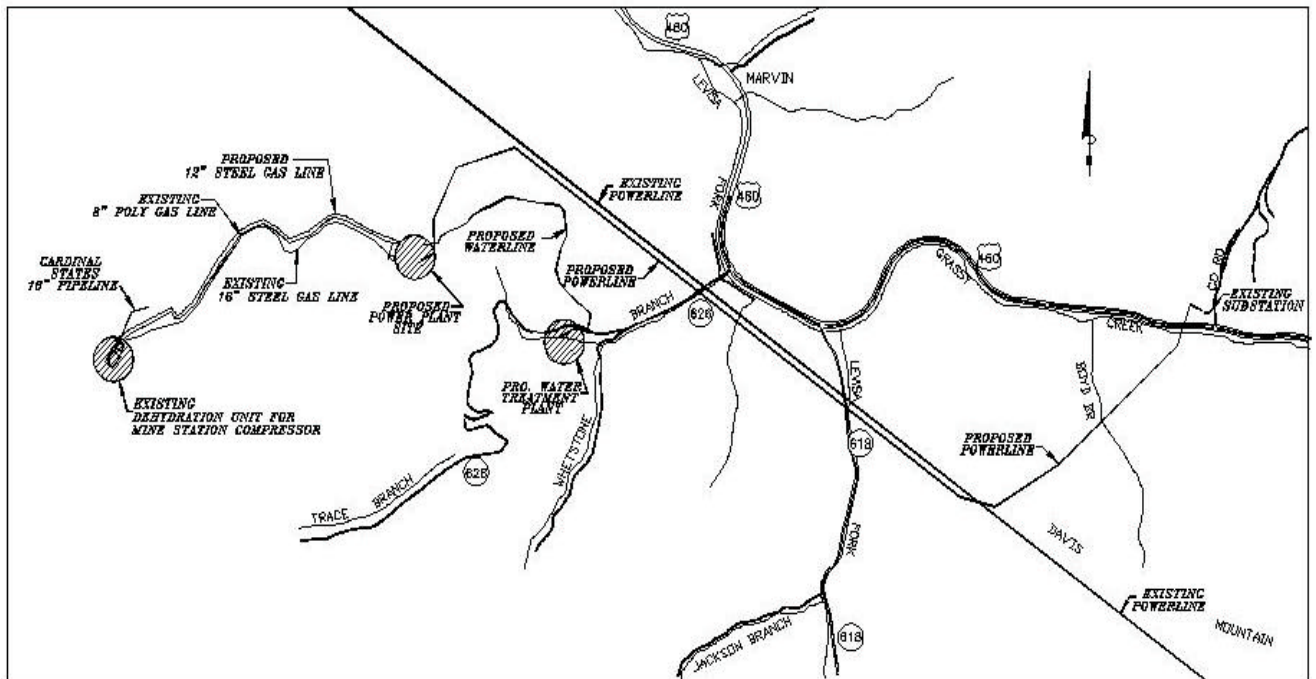
NOTICE OF AN APPLICATION OF  
BUCHANAN GENERATION LLC  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE  
AND NECESSITY TO CONSTRUCT, OWN, AND  
OPERATE ELECTRIC GENERATION FACILITIES  
IN BUCHANAN COUNTY, VIRGINIA  
CASE NO. PUE010657

On November 13, 2001, Allegheny Energy Supply Company, LLC ("Allegheny Energy Supply"), on behalf of Buchanan Generation, LLC ("Buchanan" or "Applicant"), a joint venture formed by Allegheny Energy Supply and CONSOL Energy Inc. ("CONSOL"), filed an application requesting that the State Corporation Commission ("Commission") grant Applicant approval pursuant to the Utility Facilities Act, § 56-265.2 of the Code of Virginia ("Code"), for a certificate of public convenience and necessity to construct, own, and operate electric generation facilities with a capacity of up to 88 MW at a site located in Buchanan County, Virginia (the "Project"). That provision of the Code has been supplanted, effective January 1, 2002, by Code § 56-580 D, and the case will proceed pursuant to this statute.

On December 14, 2001, Allegheny Energy Supply filed an amended application, plus supplemental testimony and exhibits in connection with its request for a certificate. By letter dated February 1, 2002, Allegheny Energy Supply advised the Commission that Buchanan had now been formed. A description of the location follows:

The Project to be constructed in Buchanan County, Virginia, is approximately four miles southeast of Oakwood, Virginia, on a site owned by Consolidation Coal Company, a subsidiary of CONSOL. The site was the location of a contour strip mining operation.

A map showing the approximate location is below:



Buchanan is seeking approval to construct, own, and operate an 88 MW simple cycle gas-fired generation facility at the

Project site. The Project will consist of two General Electric Aeroderivative combustion turbines and associated auxiliary equipment and be fueled by coal bed methane gas collected by Pocahontas Gathering Company, a wholly owned subsidiary of CONSOL. The project will also include a water treatment facility and a 138 kV transmission line approximately 2.7 miles long.

The proposed Project consists of a 2.8 acre parcel of land situated 3400 feet southwest of U.S. Route 460. Approximately 2.5 acres of the property will be fenced and will contain generation equipment. The Project will also acquire 1.7 acres adjacent to State Route 626 for water treatment facilities and 3700 feet of pipeline right of way connecting the water treatment area to the power plant. The 1.7-acre parcel is situated immediately south of State Route 626, approximately 2000 feet southwest of U.S. Route 460. The proposed water line will occupy a corridor measuring 25 feet wide and will begin at the proposed power plant site at its northern limit. The water line will continue in a northeasterly direction parallel to an existing 8-inch gas line, approximately 1500 feet. At a point located 500 feet southwest of an existing 69 kV line owned by American Electric Power, Inc. ("AEP"), the water line route extends southeast approximately 2200 feet to its terminus at the water treatment facility.

The length of the proposed 138kV line is 2.7 miles. The first 0.42 miles runs in a northeasterly direction and falls within Consolidation Coal Company's property. The next 1.57 miles parallels the existing AEP-owned 69 kV transmission line and runs in a southeasterly direction. The first 0.35 miles of this section is also on Consolidation Coal's property. The remaining 0.72 miles of line traverse northeasterly to the proposed AEP switchyard



adjacent to the existing Grassy Creek Substation. Applicant states that all rights-of-way necessary for construction and maintenance of the transmission line is on property owned by CONSOL, or its affiliates, or has been obtain from private property owners.

Applicant states that electricity generated by the facility will be sold on a merchant basis exclusively at wholesale and will, therefore, be subject to regulation by the Federal Regulatory Energy Commission. Applicant also states that the Project will not be in the rate base of any regulated utility in Virginia.

Applicant further states that the Project will have no adverse effect upon the rates paid by customers of any regulated public utility in Virginia or upon the reliability of service of any such utility. The Applicant represents that the Project will have no overall adverse environmental impact and will not otherwise be inconsistent with the public interest.

A copy of the application and other materials may be obtained, at no charge, by making a request in writing to counsel for the Applicant, Kathy L. Mitchell, Esquire, Senior Attorney, Allegheny Energy, 10435 Downsville Pike, Hagerstown, Maryland 21740. The application and other materials filed in this docket may also be reviewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, and at the Buchanan County Library, Poe Town Road, Grundy, Virginia.

On or before March 20, 2002, any person desiring to comment or request a hearing on Buchanan's application shall file such comments and requests with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond,

Virginia 23218. A copy of the same shall simultaneously be served on counsel for Applicant at the address set forth above.

A copy of the Commission's Order establishing the proceeding, outlining the details for participation, and setting forth the complete procedural schedule is available from the Commission's website, <http://www.state.va.us/scc/caseinfo/orders.htm>.

BUCHANAN GENERATION, LLC

(7) On or before March 20, 2002, any person or entity desiring to comment or request a hearing on Buchanan's application shall file such comments and requests with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. A copy of the same shall simultaneously be served on counsel for Applicant at the address set forth in Ordering Paragraph (4) above. All comments and requests shall refer to Case No. PUE010657.

(8) The Commission Staff shall analyze Allegheny Energy Supply's application and, on or before March 28, 2002, file with the Clerk of the Commission an original and fifteen (15) copies of its Report detailing its findings and recommendations in this matter and serve a copy on Applicant.

(9) On or before April 5, 2002, Applicant and interested persons shall file with the Clerk of the Commission an original and fifteen (15) copies of any response they may have to Staff's Report.

(10) On or before April 1, 2002, Applicant shall file with the Commission proof of the notice and service required by Ordering Paragraphs (5) and (6) herein.

(11) Applicant shall respond to written interrogatories or data requests within seven (7) days after the receipt of such requests. Except as so modified herein, discovery and hearing preparation procedures shall be in accordance with Part IV of the Rules.

## ELECTRIC COMPANIES IN VIRGINIA

Allegheny Power  
Mr. James D. Latimer  
Vice-President, State Affairs  
10435 Downsville Pike  
Hagerstown, Maryland 21740-1766

American Electric Power  
Mr. R. Daniel Carson, President  
Virginia/Tennessee  
Three James Center, Suite 702  
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Richmond, Virginia 23219

Conectiv Power Delivery  
Mr. Mack Wathen  
Director, Planning, Finance and Regulation  
New Castle Regional Office  
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Newark, Delaware 19714-9239

Dominion Virginia Power  
Mr. Robert E. Rigsby  
President & COO  
Box 26666  
Richmond, Virginia 23261

Kentucky Utilities  
Mr. Ronald L. Willhite  
Director of Rates and Regulations  
P.O. Box 32030  
Louisville, Kentucky 40232

## ELECTRIC COOPERATIVES IN VIRGINIA

A&N Electric Cooperative  
Mr. Vernon N. Brinkley  
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Central Virginia Electric Cooperative  
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Community Electric Cooperative  
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Craig-Botetourt Electric Cooperative  
Mr. Gerald H. Groseclose  
General Manager  
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New Castle, Virginia 24127-0265

Mecklenburg Electric Cooperative  
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Executive Vice President & General Manager  
Caller 2451  
Chase City, Virginia 23924-2451

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Northern Virginia Electric Cooperative  
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Prince George Electric Cooperative  
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Southside Electric Cooperative  
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